GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4991
ANSWERED ON:25.08.2000
RBI DIRECTIVES TO PEARLESS
C.P. RADHAKRISHNAN

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has issued a set of directives to the Peerless General Finance and Investment Company Ltd. to cut down its operational cost;

(b) if so, the details of the directives issued;

(c) whether the company has from time to time submitted any compliance report to the RBI;

(d) if so, the details thereof;

(e) if not, the action proposed to be taken for non-compliance of directives;

(f) whether the Government are aware that the widespread resentment and apprehension among the employees of the Company on account of the proposed move by the company to slash down its establishment by about 50%; and

(g) if so, the steps proposed to be taken to protect the interests of the workers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b):Yes, Sir. After the inspection of the company under Section 45-N of the Reserve Bank of India Act, 1934 with reference to its financial position as on 31st March, 1999, a letter dated 7.4.2000 was issued to the company for rectifying the adverse features noticed. The Company was advised, inter-alia, to take corrective steps for reducing its administrative expenses and Non-Performing Assets (NPAs).

(c)&(d) : In accordance with the instructions issued, the Company has submitted quarterly reports in respect of achievements under the turnaround plan. The company has also furnished its compliance for the RBI`s letter of 7.4.2000 on 27.4.2000.RBI has informed that the Company has initiated action to reduce administrative expenses, NPAs etc.

(e),(f) & (g) : According to available information the Company has drawn up a scheme to reduce its workforce, as a measure to reduce administrative costs. The Ministry of Finance has no role in the matter of reduction of workforce by a residuary Non-Banking company in the private sector.